

Message Text

CONFIDENTIAL

PAGE 01 TEL AV 04987 081617Z
ACTION TRSE-00

INFO OCT-01 NEA-10 ISO-00 AID-05 CIAE-00 COME-00 EB-07
FRB-03 INR-07 NSAE-00 USIA-06 XMB-02 OPIC-03
SP-02 LAB-04 EPG-02 SIL-01 OMB-01 L-03 EUR-12
/069 W

-----106108 081721Z /43

P 081441Z JUL 77
FM AMEMBASSY TEL AVIV
TO SECSTATE WASHDC PRIORITY 7122

C O N F I D E N T I A L TEL AVIV 4987

E.O. 11652: GDS
TAGS: EFIN, IMF, IS
SUBJECT:GOI CONCERN OVER ITS SHARE IN IMF GOLD SALE PROFITS

SUMMARY: BANK OF ISRAEL (BOI) OFFICIAL SHOWED EMBOFF
COPY OF IMF AGENDA DOCUMENT (EBS/UU/246) DATED JULY 5,
1977, CONCERNING DISTRIBUTION OF PROFITS OF IMF GOLD
SALES. DOCUMENT PRESENTS TWO COURSES OF ACTION TO IMF
EXECUTIVE BOARD, ONE OF WHICH WOULD DEPRIVE ISRAEL OF
ANY OF THE GOLD SALE PROFITS. ISRAELIS ARE VERYUPSET
OVER THE PROPOSAL AND PLAN TOMAKE A HIGH-LEVELAPPROACH
TO USG EITHER IN TEL AVIV OR WASHINGTON NEXT WEEK OVER
ISSUE.END SUMARRY.

1. STEINBERG (BOI) TOLD ECONOMIC OFFICER
JULY 8 THAT ISRAEL HAD JUST RECEIVED A COPY OF IMF
AGENDA DOCUMENT (EBS/77/246) DATED JULY 5, 1977,
CONCERNING DISTRIBUTION OF PROFITS FROM IMF GOLD SALE.
GOI UPSET OVER ONE ALTERNATIVE PRESENTED IN DOCUMENT
THAT WOULD DEPRIVE ISRAEL, AMONG OTHER COUNTRIES,OF
ITS SHARE OF PROFITS.

2. GOI VERSION OF EVENTS IS THAT DEVELOPED COUNTRIES'
SHARE OF PROFITS IS TO BE TURNED OVER TO A TRUST FUND
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 TEL AV 04987 081617Z

TO PROVIDE SOFT LOANS TO COUNTRIES MOST SEVERELY
AFFECTED (MSA'S) BY THE OIL PRICE HIKE.OIL-
EXPORTING DEVELOPING COUNTRIES (I.E., OPEC MEMBERS)
WERE ASKED, THOUGH NOT REQUIRED, TO ALSO TURN THEIR
SHARES OVER TO THE TRUST FUND.RATHER THAN BE SINGLED
OUT, OPEC COUNTRIES ASKED THAT BETTER-OFF DEVELOPING
COUNTRIES ALSO BE ASKED TO CONTRIBUTE THEIR SHARES TO

THE TRUST FUND.REQUEST WAS ACCORDINGLY MADE TO ISRAEL, SPAIN, SINGAPORE, GREECE, ROMANIA, AND YUGOSLAVIA TO DO SO. ROMANIA AND YUGOSLAVIA OBJECTED VIGOROUSLY BUT DECIDED TO CONTRIBUTE 10 AND 25 PERCENT OF SHARES RESPECTIVELY, WHICH WAS ACCEPTABLE TO IMF. GOI FELT THAT DONATION NOT REQUIRED IN PRINCIPLE BUT WAS WILLING TO OFFER 25 PERCENT AS GOODWILL GESTURE. GOI WAS VERY SURPRISED THAT OFFER WAS NOT ACCEPTED AND, WHEN IT ASKED IMF WHAT LEVEL IT SHOULD DONATE, WAS ESSENTIALLY TOLD IT WAS AN ALL-OR-NOTHING PROPOSITION. GREECE ALSO OFFERED 25 PERCENT WAS TURNED DOWN.

3. GOI OBJECTS STRONGLY TO POSSIBILITY OF LOSING ITS ALLOTMENT, IN WHAT IT SEES AS ESSENTIALLY A MEANS OF ACCOMMODATING OPEC COUNTRIES. IT FEELS THAT THE CRITERIA FOR SELECTING THE UPPER-TIER DEVELOPING COUNTRIES IS PATENTLY UNFAIR SINCE IT USES GNP/CAPITA AND RESERVES/IMPORT RATIOS IN 1973 AND 1974 AS STANDARDS, YEARS IN WHICH THE OIL PRICE HIKES WERE NOT FULLY FELT AND BEFORE ISRAEL AND SEVERE BALANCE OF PAYMENTS PROBLEMS FOLLOWING 1973 WAR. GOI HAS SERIOUS NEED FOR FOREIGN EXCHANGE AND DOESN'T WANT TO BE COERCED OUT OF ITS DUE. IT ALSO OBJECTS TO WHAT IT SEES AS POLITICAL PRESSURES TO GIVE OPEC INFLUENCE IN IMF WHICH IT DOESN'T DESERVE BY QUOTA RIGHTS. FURTHERMORE, GOI DISTURBED BY WHAT IT SEES
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 TEL AV 04987 081617Z

AS BOOST GIVEN PROPOSAL BY U.S. DELEGATE.

4. GOI PLANS HIGH-LEVEL APPROACH WEEK OF JULY 11, EITHER IN TEL AVIV TO AMBASSADOR OR IN WASHINGTON TO SECRETARY BLUMENTHAL. REQUEST WILL BE TO USE U.S. VOTE TO BLOCK ALTERNATIVE DENYING ISRAEL ITS SHARE OF PROFITS.

5. WOULD APPRECIATE GUIDANCE IN CASE QUESTION FORMALLY RAISED WITH EMBASSY.
LEWIS

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SALES, PROFITS, DOCUMENTS, GOLD TRANSACTIONS, BANKS
Control Number: n/a
Copy: SINGLE
Sent Date: 08-Jul-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977TELAV04987
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770243-0427
Format: TEL
From: TEL AVIV
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770775/aaaacnqr.tel
Line Count: 105
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: e7998a6e-c288-dd11-92da-001cc4696bcc
Office: ACTION TRSE
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 23-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1915687
Secure: OPEN
Status: NATIVE
Subject: GOI CONCERN OVER ITS SHARE IN IMF GOLD SALE PROFITS SUMMARY: BANK OF ISRAEL (BOI) OFFICIAL SHOWED EMBOFF COPY OF IMF AGENDA DOCUMENT (EBS/UU/246) DA TED JUL
TAGS: EFIN, IS, IMF
To: STATE
Type: TE
vdkgvkey: odbc://SAS/SAS.dbo.SAS_Docs/e7998a6e-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009